SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

Annual Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the fiscal year ended February 2, 1997 Commission file number: 1-724

PHILLIPS-VAN HEUSEN CORPORATION
(Exact name of registrant as specified in its charter)

DELAWARE	13-1166910
(State of incorporation)	(IRS Employer Identification No.)

1290 Avenue of the Americas
New York, New York 10104
(Address of principal executive offices)

212-541-5200
(Registrant's telephone number)

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common Stock, $1.00 par value	New York Stock Exchange
Preferred Stock Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
NONE

Indicate by check mark whether registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months and (2) has been subject to such filing requirements for at least 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ( )

The aggregate market value of the voting stock of registrant held by nonaffiliates of the registrant as of April 17, 1997 was approximately $317,700,000.

Number of shares of Common Stock outstanding as of April 17, 1997: 27,063,489.

DOCUMENTS INCORPORATED BY REFERENCE

Document	Location in Form 10-K in which incorporated
Registrant's 1996 Annual Report to Stockholders for the Fiscal Year Ended February 2, 1997	Parts I and II
Registrant's Proxy Statement for the Annual Meeting of Stockholders to be held on June 17, 1997	Part III

PART I

Item 1. Business

General Overview

Phillips-Van Heusen Corporation (the "Company") is a vertically integrated manufacturer, marketer and retailer of men's, women's and children's apparel and footwear. The Company's products include shirts, shoes and sweaters and, to a lesser extent, neckwear, furnishings, bottoms, outerwear and leather and canvas accessories.

The Company owns four premier brands: "Van Heusen", "Bass", "Izod" and "Gant". In addition, the Company markets "Geoffrey Beene" labeled designer apparel under licensing agreements with that designer, and has a licensing agreement to market "Jantzen" branded men's sweaters, knits and golf apparel.

Wholesale distribution consists of the marketing and sale of the Company's products to major department and specialty stores, independent retailers, chain stores and catalog merchants. The Company's wholesale customers for branded and designer apparel include May Co., Federated, Frederick Atkins, Mercantile, Belks, Mervyns, Dillard's, Dayton Hudson and JCPenney. Wholesale customers for its private label shirts include JCPenney, Mervyn's, Lord & Taylor, Bloomingdales and Sears, while wholesale customers for the Company's private label sweaters and golf apparel include JCPenney, Nordstrom and Sears. The Company's customers for footwear include Nordstrom, May Co., Dillard's, Federated and Dayton Hudson. In 1996, no one customer accounted for more than 10% of the Company's sales.

Through its retail operations, the Company sells its products directly to consumers in 787 Company-owned stores located primarily in manufacturers' outlet malls. The stores are operated in five different formats: Van Heusen, Bass, Izod, Gant and Geoffrey Beene.

According to MRCA Information Services, "Van Heusen" is the best-selling men's dress shirt and woven sport shirt brand in the United States, and "Geoffrey Beene" is the best-selling men's designer dress shirt in the United States. The Company believes it is one of the largest marketers of private label dress shirts in the United States. Also, according to NPD Consumer Purchase Panel, "Izod" is the best selling men's sweater brand in the United States and, according to Footwear Market Insights, "Bass" is the leading brand of high end casual shoes in the United States.

The Company believes its overall share of the United States men's dress shirt market, including its branded, designer and private label offerings, is the largest of any single company. In addition to marketing dress shirts, the Company responded to the growing casualwear market in the United States by acquiring the "Izod" and "Gant" labels in 1995, and expanding its major brand product offerings to casualwear. Casualwear now represents approximately 85% of total Company sales and it is expected that casualwear will continue to increase as a percentage of the Company's sales. The Company is also a leading supplier of sweaters and golf apparel.

In the decade prior to 1995, the Company's growth was driven by the expansion of its factory outlet retail operations. It led, however, to a significant over-expansion in that area of the Company's business. And that, coupled with a weakening in outlet retail sales, led to a major downturn in operating results beginning in 1994. To address the Company's over-expansion in outlet retailing, during 1995 the Company initiated a plan to close some 300 stores. In 1996, these store closings began to eliminate the Company's weakest and worst-trending stores, accelerated the realignment of the Company's wholesale/retail sales mix and became an important source of cash flow.

On February 17, 1995, the Company acquired the "Izod" and "Gant" brands from Crystal Brands, Inc. In connection with the acquisition, the Company acquired 88 outlet stores which marketed apparel under the acquired labels. The Company converted 34 of these stores to stores which market apparel under either the "Izod" or "Gant" label, or to other store formats which the Company operates and closed the other 54 stores. In addition, the Company converted substantially all of its private label retail stores into stores which market apparel under either the "Izod" or "Gant" label.

The Company was incorporated in the State of Delaware in 1976 as the successor to a business begun in 1881, and, with respect to Bass, a business begun in 1876. The Company's principal executive offices are located at 1290 Avenue of the Americas, New York, New York 10104; and its telephone number is (212) 541-5200.

Apparel Business

The marketing of the Company's apparel products is currently conducted principally under the following labels: "Van Heusen", "Bass", "Izod", "Izod Club", "Gant" and "Geoffrey Beene". The Company also markets various private label apparel products.

Van Heusen

"Van Heusen" is the best-selling men's dress shirt and woven sport shirt brand in the United States, according to research conducted by MRCA Information Services. In addition to the "Van Heusen" label, branded products are marketed under the sub-brands "Players", "Corporate Casual", "Khaki Classic", "Denim Classic", and "Modern Classic."

"Van Heusen" branded dress and sport shirts and sweaters are marketed at wholesale in the moderate to better price range to major department stores and men's specialty stores nationwide, including May Co., Frederick Atkins, JCPenney, Younkers and Mervyns.

In 1996, the fashion component of dress shirts became more important. As a result, a great deal of "Fridaywear" marketed previously under the sub-brand "Corporate Casual" became a part of the Company's general fashion dress shirt product lines. "Corporate Casual" dress shirts sales were approximately 8% of total dress shirts sales in 1996.

Wholesale marketing of "Van Heusen" apparel also includes knit sport shirts, sweaters and golf apparel which is marketed under the "Van Heusen Players" label. Major customers include JCPenney and other fine stores.

Van Heusen outlet stores offer a full collection of first quality men's traditional, classic and contemporary dress furnishings (including dress shirts, belts, hosiery and neckwear), men's sportswear (including sports shirts, sweaters and bottoms) and ladies sportswear (including coordinates and separates) and men's and women's activewear. Other than men's dress shirts, sport shirts and sweaters, such apparel is not marketed or produced for sale to the Company's wholesale customers.

The product mix targeted for Van Heusen stores is intended to satisfy the key apparel needs of men from dress furnishings to casualwear and of women for casualwear. Van Heusen stores' merchandising strategy is focused on achieving a classic and/or updated traditional look in a range of primarily moderate price points. Target customers represent the broadest spectrum of the American consumer.

Bass

The Company's marketing of apparel under the "Bass" label began in 1992 and has been continuously updated and expanded since that time.

Until 1992, the Company's Bass outlet stores had marketed only footwear and accessories. Since that time, the Company has introduced apparel consistent with the Bass "lifestyle" into approximately 70% of its stores, including children's apparel in 26% of its stores. The Company plans to continue to expand the percentage of its stores carrying "Bass" apparel to offer lifestyle apparel for the entire family.

In 1996, Bass began to experiment with "full price" retail stores through the opening of "Bass Lifestyle" stores in regional malls in Paramus, New Jersey; Chicago, Illinois; and Atlanta, Georgia. These stores present "Bass" as a casual lifestyle brand - with footwear, apparel and accessories working together to enhance the brand's image.

Additionally, "Bass" casual dress shirts are marketed at wholesale to major department stores, including Federated and Frederick Atkins, and are sold in the upper moderate to better price range.

Izod

"Izod" branded apparel products consist of active inspired men's sportswear, including "Izod" sweaters (the best-selling men's sweater brand in the United States, according to the NPD Consumer Purchase Panel). These products are marketed in the upper moderate to better price range to major department stores, including JCPenney, May Co., Macy's, Mercantile and Belk's.

The Company's "Izod" outlet stores market Izod branded men's and women's casual sportswear. Target customers are generally brand loyalists who expect quality and fashion at reasonable prices.

Izod Club

"Izod Club" branded golf apparel products are marketed to thousands of golf pro shops across America in the better price range. Products marketed in the "Izod Club" men's and women's collections include knit shirts, sweaters, bottoms, outerwear, windshirts, headwear and hosiery. Beginning with the 1996 Resort season, "Izod Club" products have been featured at Nordstrom locations across the country. Izod Club developed a professional golf tournament strategy in 1996, which will be highlighted by its management of the merchandising efforts at the 1997 U.S. Open, USGA Senior's Open, and USGA Women's Open.

Gant

"Gant" branded apparel consists of a lifestyle collection of men's better sportswear, that includes woven and knit tops, bottoms and outerwear. "Gant" represents a classic American offering of men's sportswear designed for comfort and relaxed fit. "Gant's" style and quality place it in the better price range of men's apparel. The collection is marketed through major department stores, including Dillard's, Dayton Hudson, Belk's, Macy's and fine specialty stores.

The Company's Gant outlet stores offer fine quality knit and woven shirts, sweaters, pants, shorts, outerwear and accessories for men. The "Gant" line incorporates several sportswear "lifestyles". Included are spectator-active and casualwear products, all of which maintain detailed construction and high quality fabrics.

Geoffrey Beene

The Company markets "Geoffrey Beene" labelled designer apparel under three separate licensing agreements with that designer. One agreement permits the Company to market "Geoffrey Beene" labelled dress shirts and sweaters through 2001. Two other agreements, one for men's apparel, the other for women's apparel, permit the Company to market "Geoffrey Beene" labelled products in its retail stores through 2005 and 2008, respectively.

"Geoffrey Beene" dress shirts are the best-selling men's designer dress shirts in the United States, according to MRCA Information Services. Consistent with the increase in the demand for casual work attire, the Company has also expanded its marketing of "Geoffrey Beene" casual dress shirts. "Geoffrey Beene" dress shirts are sold in the upper moderate to better price range to major department stores and men's specialty stores nationwide, including Frederick Atkins, Federated and May Co.

The Company's Geoffrey Beene stores offer a distinctive collection of men's "Geoffrey Beene" labelled products, including dress and sport shirts, neckwear, furnishings, outerwear, bottoms and sportswear. Through their product mix, the Geoffrey Beene stores seek to meet the full needs of men's wardrobes (excluding suits) from dress furnishings to casualwear. The merchandising strategy is focused on an upscale, fashion forward consumer in the upper moderate price range.

Some Geoffrey Beene stores also offer "Geoffrey Beene" women's wear. Stores offering these products carry a full line of women's casual apparel bearing the designer's name.

Jantzen

On January 24, 1995, the Company entered into a licensing agreement to market "Jantzen" branded men's sweaters, knits and golf apparel. The licensing agreement expires January 31, 2000 but, under certain conditions, the Company may extend the agreement for an additional five years. "Jantzen" apparel products are sold in the moderate price range. Major customers for "Jantzen" branded apparel are department and specialty stores including Belk's, Federated, Dayton Hudson and Younkers. The Company believes that the licensing agreement further strengthens the Company's position as the leading sweater and golf apparel supplier in the United States.

Private Label Apparel

Private label programs offer the retailer the ability to create its own line of exclusive merchandise and give the retailer control over distribution of the product. The Company's customers work with the Company's designers to develop shirts in the styles, sizes and cuts which the customers desire to sell in their stores with their particular store names or private labels. Private label programs offer the consumer quality product and offer the retailer the opportunity to enjoy higher margins and product exclusivity. Private label products, however, do not have the same level of consumer recognition as branded products and private label manufacturers do not generally provide retailers with the same services and support as branded manufacturers.

The Company markets at wholesale men's dress shirts under private labels to major national retail chains and department stores, including JCPenney, Mervyns, Lord & Taylor, Bloomingdales and Sears. Private label sport shirts are marketed to major retailers including K-Mart, Wal-Mart, Target, Sears and JCPenney. Private label sweaters and golf apparel are marketed to traditional department and specialty stores, national retail chains and catalog merchants, including JCPenney and Sears. The Company also markets shirts to companies in service industries, including major airlines and food chains. The Company believes it is one of the largest marketers of private label dress shirts in the United States.

During 1995, the Company ceased operating its Cape Isle Knitters and Windsor Shirt private label retail stores, in large part by converting these stores to other store formats which the Company operates. The Company plans to market private label apparel only at wholesale for the foreseeable future.

Competition in the Apparel Industry

The apparel industry is highly competitive due to its fashion orientation, its mix of large and small producers, the flow of domestic and imported merchandise and the wide diversity of retailing methods. Competitive pressures have been increased by the recent consolidations and closings of major department store groups. Based on the variety of the apparel marketed by the Company and the various channels of distribution it has developed, the Company believes it is well-positioned in the industry, although the Company has many diverse competitors in both manufacturing and retailing.

The Company's apparel wholesale divisions experience competition in branded, designer and private label products. Some of the larger dress shirt competitors include: Bidermann Industries ("Arrow" brand); Salant Corporation ("Perry Ellis" and "John Henry" brands); Smart Shirt (private label shirt division of Kellwood); Capital Mercury (private label shirts); and Oxford Industries (private label shirts). Some of the larger sportswear competitors include: Warnaco ("Chaps" brand); Nautica Enterprises ("Nautica" brand); Polo/Ralph Lauren L.P. ("Polo" brand); Ashworth and Tommy Hilfiger. For sweaters, the Company's brands compete for department store floor space with private label sweaters. While several apparel manufacturers currently operate outlet stores, the Company believes that none offers a similar selection of product in the variety of formats offered by the Company. The Company's retail stores also compete with department stores, specialty stores, chain stores and catalogs.

Footwear Business

The Company's footwear business consists of the manufacture, procurement for sale and marketing of a broad line of traditional men's, women's and children's casual shoes under the "Bass" brand name in the moderate to better price range. The Company also offers a line of men's dress shoes. Various sub-brands are utilized, the most important ones being "Weejun" and "Sunjun". "Bass" is the leading brand of high end casual shoes in the United States, according to research conducted by Footwear Market Insights ("FMI"). Based on the number of pairs sold, FMI's research shows "Bass" branded footwear with a 12.9% share of the high end casual shoe market.

Bass' traditional wholesale customers are major department stores and specialty shoe stores throughout the United States, including Nordstrom, Federated, May Co., Dillard's and Dayton Hudson. In 1992, Bass began marketing its footwear internationally and is now selling footwear to retailers in Europe, Canada, South America, the Middle East, Africa and Asia.

All footwear is designed in-house, regardless of source, to maintain tight control of the styling and quality offered by the brand.

The Company's Bass stores, located primarily in manufacturers' outlet malls, typically carry an assortment of "Bass" shoes and accessories, in the moderate to upper moderate price range, as well as complementary products not sold to wholesale customers. Apparel is marketed in approximately 70% of the Company's Bass stores. The Company also opened three "Bass Lifestyle" "full price" stores in regional malls in 1996 to promote the brand's identity and image.

Bass' merchandising strategy is focused on achieving an American classic look that emphasizes the end-use of casual and weekend styles which represent the "Bass Lifestyle" through classic and traditional design.

Competition in the Shoe Industry

The shoe industry is characterized by fragmented competition. Consequently, retailers and consumers have a wide variety of choices regarding brands, style and price. However, over the years, Bass has maintained its important position in the traditional casual footwear market. The Company's primary competitors include Dexter, Rockport, Timberland, Sperry and Sebago. The Company believes, however, that it manufactures a more extensive line of footwear for both genders and in a broader price range than any of its competitors.

Currently, Bass outlet stores have few direct footwear competitors. Dexter and, to an even lesser extent, Timberland are the most prominent casual footwear companies that are competing in the outlet environment. However, multi-branded outlet footwear retailers, such as U.S. Shoe and Famous Footwear, compete on price and assortment. The Company's retail stores also compete with department stores, specialty stores, chain stores and catalogs.

Merchandise Design, Manufacturing and Product Procurement

The apparel and footwear merchandise manufactured by the Company as well as the vast majority of its sourced products are planned and designed through the efforts of its various merchandise/product development groups. These groups consist of designers, product line builders and merchants who consider consumer taste, fashion, history and the economic environment when creating a product plan for a particular season. Apparel and footwear product lines are developed primarily for two major selling seasons, spring and fall. However, certain of the Company's product lines require more frequent introductions of new merchandise.

The process from initial design to finished product varies greatly, but generally spans nine to 12 months prior to each selling season. Raw materials and production commitments are generally made four to 12 months prior to production and quantities are finalized at that time. In addition, sales are monitored regularly at both the retail and wholesale levels and modifications in production can be made both to increase or reduce availability. The Company's substantial efforts in the area of quick response to sales trends (through the expanded use of its electronic data interchange "EDI" system) maximize its inventory flexibility and minimize production overruns. This EDI system provides a computer link between the Company and its wholesale customers that enables both the customer and the Company to track sales, inventory and shipments. Use of the system also reduces the amount of time it takes a customer to determine its inventory needs and order replenishment merchandise and for the Company to respond to the customer's order.

Dress shirts and sweaters are manufactured in the Company's domestic apparel manufacturing facilities in Alabama, Arkansas and Puerto Rico. The Company also operates facilities in Costa Rica, Guatemala and Honduras. Additionally, the Company contracts for apparel merchandise with vendors principally in the Far East, Middle East and Caribbean areas who meet its quality and cost requirements. Footwear is manufactured in the Company's factories located in Maine, Puerto Rico and the Dominican Republic. In addition, the Company contracts for footwear merchandise which meets its quality and cost requirements from overseas vendors, principally in Brazil and the Far East.

The Company's foreign offices, located principally in Hong Kong, Taiwan, the Philippines, Brazil and throughout Central America, enable the Company to monitor the quality of the goods manufactured by, and the delivery performance of, its suppliers. The Company continually seeks additional suppliers throughout the world for its sourcing needs and places its orders in a manner designed to limit the risk that a disruption of production at any one facility could cause a serious inventory problem. The Company has experienced no significant production delays or difficulties in importing goods. However, from time to time the Company has incurred added costs by shipping goods by air freight in order for it to meet certain delivery commitments to its customers. The Company's purchases from its suppliers are effected through individual purchase orders specifying the price and quantity of the items to be produced. The Company does not have any long-term, formal arrangements with any of the suppliers which manufacture its products. The Company believes that it is the largest customer of many of its manufacturing suppliers and considers its relations with its suppliers to be satisfactory. No single supplier is critical to the Company's production needs, and the Company believes that an ample number of alternative suppliers exist should the Company need to secure additional or replacement production capacity.

The Company purchases raw materials, including shirting fabric, buttons, thread, labels, yarn, piece goods and leather, from domestic and foreign sources based on quality, pricing (including quotas and duties) and availability factors. The Company believes it is one of the largest procurers of shirting fabric worldwide and purchases the majority of its shirting fabric from overseas manufacturers, due, in part, to decreased domestic production. The Company monitors factors affecting textile production and imports and remains flexible in order to exploit advantages in obtaining materials from

different suppliers and different geographic regions. Rawhide leather for "Bass" footwear is procured mainly from domestic suppliers. Bass monitors the leather market and makes purchases on the spot market or through blanket contracts with suppliers as price trends dictate. No single supplier of raw materials is critical to the Company's production needs and the Company believes that an ample number of alternative suppliers exist should the Company need to secure additional or replacement raw materials.

Advertising and Promotion

The Company has used national advertising to communicate the Company's marketing message since the 1920's. While the Company believes that this effort has helped create strong brand awareness and a high recognition factor among American consumers and has contributed to the overall success of the Company, the Company plans to increase its media marketing activities in an aggressive fashion in 1997.

The Company advertises primarily in national print media, including fashion, entertainment/human interest, business, men's, women's and sports magazines. Brand awareness is further supplemented by the Company's co-op advertising program through which the Company and individual retailers combine their efforts and share the cost of store radio, television and newspaper advertisements and in-store advertising and promotional events featuring the Company's branded products.

The Company relies upon local outlet mall developers to promote traffic for their centers. Outlet center developers employ multiple formats, including signage (highway billboards, off-highway directional signs, on-site signage and on-site information centers), print advertising (brochures, newspapers and travel magazines), direct marketing (to tour bus companies and travel agents), radio and television, and special promotions.

Trademarks

The Company has the exclusive right to use the "Izod" and "Gant" names in most countries, the "Van Heusen" name in North, Central and South America as well as the Philippines, and the exclusive worldwide right to use "Bass" for footwear. The Company has registered or applied for registration of numerous other trademarks for use on a variety of items of apparel and footwear and related products and owns many foreign trademark registrations. It presently has pending a number of applications for additional trademark registrations. The Company regards its trademarks and other proprietary rights as valuable assets and believes that they have significant value in the marketing of its products.

Licensing

The Company has various agreements under which it licenses the use of its brand names. The Company is licensing the "Van Heusen" name for apparel products in Canada and in most of the South and Central American countries. In the United States, the Company currently licenses the use of the "Van Heusen" name for various products that it does not manufacture or source, including boy's apparel, sleepwear, eyeglasses, neckwear and other accessories and is exploring the possibility of licensing the name for use on other products. The Company licenses the use of the "Bass" name for footwear in Hong Kong, Japan, Europe and Latin America. The Company licenses the use of the "Gant" name for a complete range of sportswear and footwear in Europe, Australia, New Zealand and the Far East. (During 1995, the Company acquired 25% of this Gant licensee, Pyramid Sportswear, and has an option to purchase the remaining 75% in the year 2000.) The Company also licenses the use of the "Gant" name for outerwear and dress furnishings in the United States. The Company licenses the use of the "Izod" name for infants, toddlers and children's clothing, as well as "big and tall" apparel, in the United States, and for men's and women's sportswear in Canada. The Company plans to continue expanding its worldwide licensing efforts under the "Izod" and "Gant" trademarks.

Retail Stores

As of February 2, 1997, the Company operated 787 stores in five different formats: "Van Heusen", "Bass", "Izod", "Gant" and "Geoffrey Beene". The Company's stores are located primarily in manufacturers' outlet malls. Store layouts and designs differ among the five retail formats in order to maximize the effectiveness of the product and pricing strategy directed toward each format's specific target customer.

The Company is a leading operator of outlet mall stores. Other branded apparel manufacturers who have entered the outlet mall sector include Ralph Lauren, Liz Claiborne, Bugle Boy, Nine West, Jockey, Donna Karan, Sara Lee, Jones New York, Nautica, Tommy Hilfiger, Calvin Klein and Anne Klein.

In the decade prior to 1995, the Company's growth was driven by the expansion of its factory outlet retail operations. It led, however, to a significant over-expansion in that area of the Company's business. And that, coupled with a weakening in outlet retail sales, led to a major downturn in operating results beginning in 1994. To address this over-expansion, during 1995 the Company initiated a plan to close some 300 stores. In 1996, these store closings began to eliminate the Company's weakest and worst-trending stores, accelerated the realignment of the Company's wholesale/retail sales mix and became an important source of cash flow. Despite these closings, the Company plans to continue selectively opening new stores in certain manufacturers' outlet centers. However, since the Company already features one or more of its store formats in the best-performing manufacturers' outlet centers in the United States, and since the development and opening of new manufacturers' outlet centers are occurring at a slower pace than in the past, future store openings will be fewer than in recent years.

Tariffs and Import Restrictions

A substantial portion of the Company's products is manufactured by contractors located outside the United States. These products are imported and are subject to United States Customs laws, which impose tariffs as well as import quota restrictions established by the Department of Commerce. However, a significant portion of the Company's apparel products is imported from its Caribbean Basin manufacturing facilities and is therefore eligible for certain duty-advantaged programs commonly known as "807 Programs." While importation of goods from certain countries from which the Company obtains goods may be subject to embargo by United States Customs authorities if shipments exceed quota limits, the Company closely monitors import quotas and can, in most cases, shift production to contractors located in countries with available quotas. The existence of import quotas has, therefore, not had a material adverse effect on the Company's business.

Employees

As of February 2, 1997, the Company employed approximately 9,550 persons on a full-time basis and approximately 3,150 persons on a part-time basis. Approximately 5% of the Company's 12,700 employees are represented for the purpose of collective bargaining by three different unions. Additional persons, some represented by these three unions, are employed from time to time based upon the Company's manufacturing schedules and retailing seasonal needs. The Company believes that its relations with its employees are satisfactory.

Item 2. Properties

The Company maintains its principal executive offices at 1290 Avenue of the Americas, New York, New York, occupying approximately 80,000 square feet under a sub-lease which expires on December 30, 1998. The Company also maintains administrative offices at 404 Fifth Avenue, New York, New York, where the Company occupies approximately 38,000 square feet under a lease which expires on June 30, 1997, and in Bridgewater, New Jersey, where the Company occupies a building of approximately 153,000 square feet under a lease which expires on July 30, 2007. The following tables summarize the other manufacturing facilities, warehouses and distribution centers, administrative offices and retail stores of the Company as of February 2, 1997:

Apparel Business

	Square Feet of Floor Space (000's)		
	Owned	Leased	Total
Manufacturing Facilities	239	223	462
Warehouses and Distribution Centers.	1,728	148	1,876
Administrative	16	315	331
Retail Stores.	6	2,040	2,046
	1,989	2,726	4,715

Footwear Business

	Owned	Leased	Total
Manufacturing Facilities	274	150	424
Warehouses and Distribution Centers.	127	241	368
Administrative	20	128	148
Retail Stores.	8	1,413	1,421
	429	1,932	2,361

Information with respect to minimum annual rental commitments under leases in which the Company is a lessee is incorporated herein by reference to the note entitled "Leases" in the Notes to Consolidated Financial Statements incorporated by reference in Item 8 of this report.

Item 3. Legal Proceedings

The Company is a party to certain litigation which, in the Company's judgment based in part on the opinion of legal counsel, will not have a material adverse effect on the Company's financial position.

Item 4. Submission of Matters to a Vote of Security Holders

None.

Executive Officers of the Registrant

The following table sets forth certain information concerning the Company's Executive Officers:

Name	Position	Age
Bruce J. Klatsky	Chairman; President; Chief Executive Officer; Director	48
Irwin W. Winter	Executive Vice President and Chief Financial Officer; Director	63
Allen E. Sirkin	Vice Chairman	54
Mark Weber	Vice Chairman	48
Michael J. Blitzer	Senior Vice President	47
Emanuel Chirico	Vice President and Controller	39

Mr. Bruce J. Klatsky has been employed by the Company in various capacities over the last 25 years, and has been President of the Company since 1987. Mr. Klatsky has served as a director of the Company since 1985 and was named Chief Executive Officer in June of 1993 and Chairman of the Board of Directors in June of 1994.

Mr. Irwin W. Winter joined the Company in 1987 as Vice President, Finance and Chief Financial Officer. Mr. Winter has served as a director of the Company since 1987.

Mr. Allen E. Sirkin has been employed by the Company since 1985. He served as Chairman of the Company's Apparel Group since 1990 and was named Vice Chairman of the Company in 1995.

Mr. Mark Weber has been employed by the Company in various capacities over the last 25 years, had been a Vice President of the Company since 1988 and was named Vice Chairman of the Company in 1995.

Mr. Michael J. Blitzer has been employed by the Company since 1980. In 1995, Mr. Blitzer was named Senior Vice President. For the prior five years, Mr. Blitzer served as President of the Company's Van Heusen retail operations.

Mr. Emanuel Chirico has been employed by the Company as Vice President and Controller since 1993. Prior to that, Mr. Chirico was a partner with the accounting firm of Ernst and Young LLP.

PART II

Item 5. Market for Registrant's Common Stock and Related Security Holder Matters

Information with respect to the market for the Company's common stock and related security holder matters which appears under the heading "Selected Quarterly Financial Data" in the 1996 Annual Report to Stockholders, is incorporated herein by reference. As of April 17, 1997, there were 1,763 stockholders of record of the Company's common stock.

Item 6. Selected Financial Data

Selected Financial Data which appears under the heading "Ten Year Financial Summary" in the 1996 Annual Report to Stockholders, is incorporated herein by reference.

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Management's Discussion and Analysis of Financial Condition and Results of Operations which appears under the heading "Financial Review" in the 1996 Annual Report to Stockholders, is incorporated herein by reference.

Item 8. Financial Statements and Supplementary Data

The consolidated financial statements, which appear in the 1996 Annual Report to Stockholders, are incorporated herein by reference.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

PART III

Item 10. Directors and Executive Officers of the Registrant

The information required by Item 10 is incorporated herein by reference to the section entitled "Election of Directors" of the Company's proxy statement for the Annual Meeting of Stockholders to be held on June 17, 1997.

Item 11. Executive Compensation

Information with respect to Executive Compensation is incorporated herein by reference to the sections entitled "Executive Compensation", "Compensation Committee Report on Executive Compensation" and "Performance Graph" of the Company's proxy statement for the Annual Meeting of Stockholders to be held on June 17, 1997.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information with respect to the Security Ownership of Certain Beneficial Owners and Management is incorporated herein by reference to the section entitled "Security Ownership of Certain Beneficial Owners and Management" of the Company's proxy statement for the Annual Meeting of Stockholders to be held on June 17, 1997.

Item 13. Certain Relationships and Related Transactions

Information with respect to Certain Relationships and Related Transactions is incorporated herein by reference to the sections entitled "Election of Directors" and "Compensation of Directors" of the Company's proxy statement for the Annual Meeting of Stockholders to be held on June 17, 1997.

PART IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K

(a)(1) The following consolidated financial statements are incorporated by reference in Item 8 of this report:

Consolidated Statements of Operations--Years Ended February 2, 1997, January 28, 1996 and January 29, 1995
Consolidated Balance Sheets--February 2, 1997 and January 28, 1996
Consolidated Statements of Cash Flows--Years Ended February 2, 1997, January 28, 1996 and January 29, 1995
Consolidated Statements of Changes in Stockholders' Equity--Years Ended February 2, 1997, January 28, 1996 and January 29, 1995
Notes to Consolidated Financial Statements

(a)(2) See page F-1 for a listing of financial statement schedules submitted as part of this report.

(a)(3) The following exhibits are included in this report:

Exhibit Number	
3.1	Certificate of Incorporation (incorporated by reference to Exhibit 5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1977).
3.2	Amendment to Certificate of Incorporation, filed June 27, 1984 (incorporated by reference to Exhibit 3B to the Company's Annual Report on Form 10-K for the fiscal year ended February 3, 1985).
3.3	Certificate of Designation of Series A Cumulative Participating Preferred Stock, filed June 10, 1986 (incorporated by reference to Exhibit A of the document filed as Exhibit 3 to the Company's Quarterly Report as filed on Form 10-Q for the period ended May 4, 1986).
3.4	Amendment to Certificate of Incorporation, filed June 2, 1987 (incorporated by reference to Exhibit 3(c) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1988).
3.5	Amendment to Certificate of Incorporation, filed June 1, 1993 (incorporated by reference to Exhibit 3.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 1994).
3.6	Amendment to Certificate of Incorporation, filed June 20, 1996 (incorporated by reference to Exhibit 3.1 to the Company's Report on Form 10-Q for the period ended July 28, 1996).
3.7	By-Laws of Phillips-Van Heusen Corporation, as amended through June 18, 1996 (incorporated by reference to Exhibit 3.2 to the Company's Report on Form 10-Q for the period ended July 28, 1996).
4.1	Specimen of Common Stock certificate (incorporated by reference to Exhibit 4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1981).
4.2	Preferred Stock Purchase Rights Agreement (the "Rights Agreement"), dated June 10, 1986 between PVH and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit 3 to the Company's Quarterly Report as filed on Form 10-Q for the period ended May 4, 1986).

4.3 Amendment to the Rights Agreement, dated March 31, 1987 between PVH and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit 4(c) to the Company's Annual Report on Form 10-K for the year ended February 2, 1987).

4.4 Supplemental Rights Agreement and Second Amendment to the Rights Agreement, dated as of July 30, 1987, between PVH and The Chase Manhattan Bank, N.A. (incorporated by reference to Exhibit (c)(4) to the Company's Schedule 13E-4, Issuer Tender Offer Statement, dated July 31, 1987).

4.5 Notice of extension of the Rights Agreement, dated June 5, 1996, from Phillips-Van Heusen Corporation to The Bank of New York (incorporated by reference to Exhibit 4.13 to the Company's report on Form 10-Q for the period ended April 28, 1996).

4.6 Credit Agreement, dated as of December 16, 1993, among PVH, Bankers Trust Company, The Chase Manhattan Bank, N.A., Citibank, N.A., The Bank of New York, Chemical Bank and Philadelphia National Bank, and Bankers Trust Company, as agent (incorporated by reference to Exhibit 4.5 to the Company's Annual Report on Form 10-K for the fiscal year ended January 30, 1994).

4.7 First Amendment, dated as of February 13, 1995, to the Credit Agreement dated as of December 16, 1993 (incorporated by reference to Exhibit 4.6 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1995).

4.8 Second Amendment, dated as of July 17, 1995, to the Credit Agreement dated as of December 16, 1993 (incorporated by reference to Exhibit 4.7 to the Company's report on Form 10-Q for the period ending October 29, 1995).

4.9 Third Amendment, dated as of September 27, 1995, to the Credit Agreement dated as of December 16, 1993 (incorporated by reference to Exhibit 4.8 to the Company's report on Form 10-Q for the period ending October 29, 1995).

4.10 Fourth Amendment, dated as of September 28, 1995, to the Credit Agreement dated as of December 16, 1993 (incorporated by reference to Exhibit 4.9 to the Company's report on Form 10-Q for the period ending October 29, 1995).

4.11 Fifth Amendment, dated as of April 1, 1996, to the Credit Agreement dated as of December 16, 1993 (incorporated by reference to Exhibit 4.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 1996).

4.12 Note Agreement, dated October 1, 1992, among PVH, The Equitable Life Assurance Society of the United States, Equitable Variable Life Insurance Company, Unum Life Insurance Company of America, Nationwide Life Insurance Company, Employers Life Insurance Company of Wausau and Lutheran Brotherhood (incorporated by reference to Exhibit 4.21 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1993).

4.13 First Amendment Agreement, dated as of June 24, 1996, to the Note Agreement, dated as of October 1, 1992 (incorporated by reference to Exhibit 4.14 to the Company's report on Form 10-Q for the period ended July 28, 1996).

4.14 Indenture, dated as of November 1, 1993, between PVH and The Bank of New York, as Trustee (incorporated by reference to Exhibit 4.01 to the Company's Registration Statement on Form S-3 (Reg. No. 33-50751) filed on October 26, 1993).

*10.1 1987 Stock Option Plan, including all amendments through June 13, 1995 (incorporated by reference to Exhibit 10.1 to the Company's report on Form 10-Q for the period ended October 29, 1995).

*10.2 1973 Employees' Stock Option Plan (incorporated by reference to Exhibit 1 to the Company's Registration Statement on Form S-8 (Reg. No. 2-72959) filed on July 15, 1981).

*10.3 Supplement to 1973 Employees' Stock Option Plan (incorporated by reference to the Company's Prospectus filed pursuant to Rule 424(c) to the Registration Statement on Form S-8 (Reg. No. 2-72959) filed on March 31, 1982).

*10.4 Phillips-Van Heusen Corporation Special Severance Benefit Plan, as amended as of April 16, 1996 (incorporated by reference to Exhibit 10.4 to the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 1996).

*10.5 Phillips-Van Heusen Corporation Capital Accumulation Plan (incorporated by reference to the Company's Report on Form 8-K filed on January 16, 1987).

*10.6 Phillips-Van Heusen Corporation Amendment to Capital Accumulation Plan (incorporated by reference to Exhibit 10(n) to the Company's Annual Report on Form 10-K for the fiscal year ended February 2, 1987).

*10.7 Form of Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to individual participants (incorporated by reference to Exhibit 10(1) to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1988).

*10.8 Form of Agreement amending Phillips-Van Heusen Corporation Capital Accumulation Plan with respect to individual participants (incorporated by reference to Exhibit 10.8 to the Company's report on Form 10-Q for the period ending October 29, 1995).

*10.9 Phillips-Van Heusen Corporation Supplemental Defined Benefit Plan, dated January 1, 1991, as amended and restated on June 2, 1992 (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 31, 1993).

*10.10 Phillips-Van Heusen Corporation Supplemental Savings Plan, dated as of January 1, 1991 and amended and restated as of July 1, 1995 (incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended January 28, 1996).

*10.11 Non-Incentive Stock Option Agreement, dated as of December 3, 1993, between the Company and Bruce J. Klatsky (incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended January 29, 1995).

13. Sections of the 1996 Annual Report to Stockholders for the fiscal year ended February 2, 1997 which are included in Parts I and II of this Form 10-K. These sections are Selected Quarterly Financial Data, Ten Year Financial Summary, Financial Review and the consolidated financial statements.

21. Subsidiaries of the Company.

23. Consent of Independent Auditors.

27. Financial Data Schedule

(b) Reports filed on Form 8-K filed during the fourth quarter of 1996:

None

(c) Exhibits: See (a)(3) above for a listing of the exhibits included as part of this report.

(d) Financial Statement Schedules: See page F-1 for a listing of the financial statement schedules submitted as part of this report.

(e) The Company agrees to furnish to the Commission upon request a copy of each agreement with respect to long-term debt where the total amount of securities authorized thereunder does not exceed 10% of the total consolidated assets of the Company.

* Management contract or compensatory plan or arrangement required to be identified pursuant to Item 14(a) of this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

PHILLIPS-VAN HEUSEN CORPORATION

By: Bruce J. Klatsky
Bruce J. Klatsky
Chairman, President, Chief
Executive Officer and Director

Date: April 29, 1997

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

Signature	Title	Date
Bruce J. Klatsky Bruce J. Klatsky	Chairman, President, Chief Executive Officer and Director (Principal Executive Officer)	April 29, 1997
Irwin W. Winter Irwin W. Winter	Executive Vice President and Chief Financial Officer	April 29, 1997
Emanuel Chirico Emanuel Chirico	Vice President and Controller (Principal Accounting Officer)	April 29, 1997
Edward H. Cohen Edward H. Cohen	Director	April 29, 1997
Estelle Ellis Estelle Ellis	Director	April 29, 1997
Joseph B. Fuller Joseph B. Fuller	Director	April 29, 1997
Maria Elena Lagomasino Maria Elena Lagomasino	Director	April 29, 1997
Harry N.S. Lee Harry N.S. Lee	Director	April 29, 1997
Bruce Maggin Bruce Maggin	Director	April 29, 1997
Ellis E. Meredith Ellis E. Meredith	Director	April 29, 1997
Steven L. Osterweis Steven L. Osterweis	Director	April 29, 1997
William S. Scolnick William S. Scolnick	Director	April 29, 1997
Peter J. Solomon Peter J. Solomon	Director	April 29, 1997

FORM 10-K-ITEM 14(a)(2)

PHILLIPS-VAN HEUSEN CORPORATION

INDEX TO FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statement schedule of Phillips-Van Heusen Corporation and subsidiaries is included herein:

All other schedules for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

SCHEDULE II

PHILLIPS-VAN HEUSEN CORPORATION

VALUATION AND QUALIFYING ACCOUNTS
(In thousands)

Column A	Column B	Column C Additions		Column D	Column E
Description	Balance at Beginning of Period	Charged to Costs and Expense	Charged to Other Accounts	Deductions	Balance at End of Period
Year Ended February 2, 1997					
Deducted from asset accounts: Allowance for doubtful accounts.	$5,363	$1,207(a)	$ 958(b)	$4,127(c)	$3,401
Year Ended January 28, 1996					
Deducted from asset accounts: Allowance for doubtful accounts.	$1,617	$ 913(a)	$3,331(d)	$ 498(c)	$5,363
Year Ended January 29, 1995					
Deducted from asset accounts: Allowance for doubtful accounts.	$2,171	$ 509(a)	$ 278(b)	$1,341(c)	$1,617

(a) Provisions for doubtful accounts.
(b) Recoveries of doubtful accounts previously written off.
(c) Primarily uncollectible accounts charged against the allowance provided therefor.

(d) Primarily reserves acquired in connection with the acquisition of the Izod and Gant businesses from Crystal Brands.

EXHIBIT 21

SUBSIDIARIES OF THE REGISTRANT

The following table lists all of the subsidiaries of the Company and the jurisdiction of incorporation of each subsidiary. Each subsidiary does business under its corporate name indicated in the table.

Name	State or Other Jurisdiction of Incorporation
G. H. Bass Franchises Inc.	Delaware
G. H. Bass Caribbean Inc.	Delaware
Caribe M&I Ltd.	Cayman Islands
GHB (Far East) Limited	Hong Kong
Tejidos De Coamo, Inc.	Delaware
Phillips-Van Heusen (Far East) Ltd.	Hong Kong
Confecciones Imperio, S.A.	Costa Rica
Camisas Modernas, S.A.	Guatemala
G. H. Bass Comercio Exportacacao Ltda.	Brazil
PVH Retail Corp.	Delaware
IZOD Gant Corp.	Pennsylvania

EXHIBIT 23

Consent of Independent Auditors

We consent to the incorporation by reference in this Annual Report on Form 10-K of Phillips-Van Heusen Corporation of our report dated March 11, 1997, included in the 1996 Annual Report to Stockholders of Phillips-Van Heusen Corporation.

Our audits also included the financial statement schedule of Phillips-Van Heusen Corporation listed in Item 14(a). This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audits. In our opinion, the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in

(i) Post-Effective Amendment No. 2 to the Registration Statement (Form S-8, No. 2-73803), which relates to the Phillips-Van Heusen Corporation Employee Savings and Retirement Plan,

(ii) Registration Statement (Form S-8, No. 33-50841) and Registration Statement (Form S-8, No. 33-59602), each of which relate to the Phillips-Van Heusen Corporation Associates Investment Plan for Residents of the Commonwealth of Puerto Rico,

(iii) Registration Statement (Form S-8, No. 33-59101), which relates to the Voluntary Investment Plan of Phillips-Van Heusen Corporation (Crystal Brands Division),

(iv) Post-Effective Amendment No. 4 to Registration Statement (Form S-8, No. 2-72959), Post Effective Amendment No. 6 to Registration Statement (Form S-8, No. 2-64564), and Post Effective Amendment No. 13 to Registration Statement (Form S-8, No. 2-47910), each of which relate to the 1973 Employee's Stock Option Plan of Phillips-Van Heusen Corporation, and

(v) Registration Statement (Form S-8, No. 33-38698), Post-Effective Amendment No. 1 to Registration Statement (Form S-8, No. 33-24057) and Registration Statement (Form S-8, No. 33-60793), each of which relate to the Phillips-Van Heusen Corporation 1987 Stock Option Plan,

of Phillips-Van Heusen Corporation and in the related Prospectuses of our report dated March 11, 1997, with respect to the consolidated financial statements and schedules of Phillips-Van Heusen Corporation included in this Form 10-K for the year ended February 2, 1997.

ERNST & YOUNG LLP

New York, New York
April 29, 1997

PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	1996	1995	1994
Net sales	$1,359,593	$1,464,128	$1,255,466
Cost of goods sold	910,517	987,921	845,655
Gross profit	449,076	476,207	409,811
Selling, general and administrative expenses	401,338	428,634	353,109
Plant and store closing and restructuring expenses		27,000	7,000
Income before interest and taxes	47,738	20,573	49,702
Interest expense, net	23,164	23,199	12,793
Income (loss) before taxes	24,574	(2,626)	36,909
Income tax expense (benefit)	6,044	(2,920)	6,894
Net income	$ 18,530	$ 294	$ 30,015
Net income per share	$ 0.69	$ 0.01	$ 1.11
Average shares outstanding	27,004	26,726	27,154

See notes to consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED BALANCE SHEETS
(In thousands, except share data)

	Feb. 2, 1997	Jan. 28, 1996
ASSETS		
Current Assets:		
Cash, including cash equivalents of $1,861 and $8,474	$ 11,590	$ 17,533
Trade receivables, less allowances of $3,401 and $5,514	91,806	109,866
Inventories	237,422	276,773
Income tax refund receivable		16,987
Other, including deferred taxes of $4,300 and $9,801	22,140	23,505
Total Current Assets	362,958	444,664
Property, Plant and Equipment	137,060	143,398
Goodwill	120,324	119,914
Other Assets, including deferred taxes of $16,617 and $22,113	37,094	41,079
	$657,436	$749,055
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Notes payable	$ 20,000	$ 61,590
Accounts payable	36,355	38,796
Accrued expenses	55,754	72,603
Current portion of long-term debt	10,157	10,137
Total Current Liabilities	122,266	183,126
Long-Term Debt, less current portion	189,398	229,548
Other Liabilities	55,614	61,089
Stockholders' Equity:		
Preferred stock, par value $100 per share; 150,000 shares authorized; no shares outstanding		
Common stock, par value $1 per share; 100,000,000 shares authorized; shares issued 27,045,705 and 26,979,352	27,046	26,979
Additional capital	116,296	115,977
Retained earnings	146,816	132,336
Total Stockholders' Equity	290,158	275,292
	$657,436	$ 749,055

See notes to consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	1996	1995	1994
Operating activities:			
Net income	$ 18,530	$ 294	$ 30,015
Adjustments to reconcile net income to net cash provided (used) by operating activities:			
Depreciation and amortization	29,438	33,740	24,765
Amortization of contributions from landlords	(6,171)	(7,584)	(5,732)
Write-off of property, plant and equipment		13,000	
Deferred income taxes	8,214	3,363	(6,275)
Equity income in Pyramid Sportswear	(1,250)	(85)	
Changes in operating assets and liabilities:			
Receivables	18,060	(13,927)	(15,541)
Income tax refund receivable	16,987		
Inventories	39,351	16,315	14,627
Accounts payable and accrued expenses	(17,782)	(83,897)	3,242
Other-net	(2,741)	(3,183)	4,293
Net Cash Provided (Used) By Operating Activities	102,636	(41,964)	49,394
Investing activities:			
Acquisition of the Apparel Group of Crystal Brands, Inc.		(114,503)	
Property, plant and equipment acquired	(22,578)	(39,773)	(53,140)
Investment in Pyramid Sportswear		(6,950)	
Contributions from landlords	2,685	7,800	15,310
Other-net	(3,302)	3,376	2,438
Net Cash Used By Investing Activities	(23,195)	(150,050)	(35,392)
Financing activities:			
Proceeds from revolving line of credit	52,582	204,996	
Payments on revolving line of credit and long-term borrowings	(134,302)	(73,660)	(245)
Exercise of stock options	386	1,745	2,630
Cash dividends	(4,050)	(4,007)	(3,984)
Net Cash Provided (Used) By Financing Activities	(85,384)	129,074	(1,599)
Increase (decrease) in cash	(5,943)	(62,940)	12,403
Cash at beginning of period	17,533	80,473	68,070
Cash at end of period	$ 11,590	$ 17,533	$ 80,473

See notes to consolidated financial statements.

PHILLIPS-VAN HEUSEN CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(In thousands, except share data)

	Common Stock Shares	$1 par Value	Additional Capital	Retained Earnings	Treasury Stock	Stockholders' Equity
January 30, 1994	33,190,750	$33,191	$118,360	$269,055	$(173,807)	$246,799
Stock options exercised.	148,471	148	2,493			2,641
Net income				30,015		30,015
Cash dividends				(3,984)		(3,984)
Retirement of treasury stock . .	(6,728,576)	(6,729)	(8,041)	(159,037)	173,807	-0-
Stock repurchased and cancelled	(335)		(11)			(11)
January 29, 1995	26,610,310	26,610	112,801	136,049	-0-	275,460
Stock options exercised.	187,908	188	1,557			1,745
Net income				294		294
Cash dividends				(4,007)		(4,007)
Investment in Pyramid Sportswear	181,134	181	1,619			1,800
January 28, 1996	26,979,352	26,979	115,977	132,336	-0-	275,292
Stock options exercised.	66,353	67	319			386
Net income				18,530		18,530
Cash dividends				(4,050)		(4,050)
February 2, 1997	27,045,705	$ 27,046	$116,296	$146,816	$ -0-	$290,158

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(In thousands, except share data)

Summary of Significant Accounting Policies

Principles of Consolidation - The consolidated financial statements include the accounts of the Company and its subsidiaries. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates - The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from the estimates.

Fiscal Year - Fiscal years are designated in the financial statements and notes by the calendar year in which the fiscal year commences. Accordingly, results for fiscal year 1996 represent the 53 weeks ended February 2, 1997. Fiscal years 1995 and 1994 represent the 52 weeks ended January 28, 1996, and January 29, 1995, respectively.

Cash and Cash Equivalents - The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Asset Impairments - The Company records impairment losses on long-lived assets (including goodwill) used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by the related assets are less than the carrying amounts of those assets.

Inventories - Inventories are stated at the lower of cost or market. Cost for the apparel business is determined principally using the last-in, first-out method (LIFO), except for certain sportswear inventories which are determined using the first-in, first-out method (FIFO). Cost for the footwear business is determined using FIFO.

Property, Plant and Equipment - Depreciation is computed principally by the straight line method over the estimated useful lives of the various classes of property.

Goodwill - Goodwill, net of accumulated amortization of $8,615 and $5,474 in 1996 and 1995, respectively, is being amortized principally by the straight line method over 40 years.

Contributions from Landlords - The Company receives contributions from landlords for fixturing retail stores which the Company leases. Such amounts are amortized as a reduction of rent expense over the life of the related lease. Unamortized contributions are included in accrued expenses and other liabilities and amounted to $18,747 and $23,748 in 1996 and 1995, respectively.

Fair Value of Financial Instruments - Using discounted cash flow analyses, the Company estimates that the fair value of all financial instruments approximates their carrying value, except as noted in the footnote entitled "Long-Term Debt."

Summary of Significant Accounting Policies (Continued)

Stock-Based Compensation - The Company accounts for its stock options under the provisions of APB Opinion No. 25, "Accounting for Stock Issued to Employees," and has adopted the disclosure requirements of FASB Statement No. 123, "Accounting for Stock-Based Compensation."

Advertising - Advertising costs are expensed as incurred and totalled $19,427 (1996), $21,136 (1995) and $18,532 (1994).

Net Income Per Share - Net income per share has been computed by dividing net income by the weighted average number of shares outstanding during the year and, in 1994, share equivalents applicable to dilutive stock options. In 1996 and 1995, share equivalents applicable to dilutive stock options were immaterial and have been excluded from the net income per share calculations.

Acquisition

On February 17, 1995, the Company completed the acquisition of the Apparel Group of Crystal Brands, Inc. (Izod and Gant) for $114,503 in cash, net of cash acquired. This acquisition was accounted for as a purchase. The acquired operations are included in the Company's consolidated financial statements since February 17, 1995.

In connection with the acquisition, the Company acquired assets with a fair value estimated to be $207,101 (including $104,504 of excess of cost over net assets acquired) and assumed liabilities estimated to be $92,598.

If the acquisition had occurred on the first day of fiscal 1994 instead of February 17, 1995, the Company's proforma consolidated results of operations would have been:

	1995	1994
Net sales	$1,470,259	$1,486,476
Net income	$ 231	$ 31,011
Net income per share	$ 0.01	$ 1.14

Income Taxes

Income taxes consist of:

	1996	1995	1994
Federal:			
Current.	$(4,620)	$(8,219)	$11,720
Deferred	7,959	2,995	(5,585)
State, foreign and local:			
Current.	2,450	1,936	1,449
Deferred	255	368	(690)
	$ 6,044	$(2,920)	$ 6,894

Taxes paid were $1,262 (1996), $3,371 (1995) and $12,766 (1994). In addition, the Company received an income tax refund of $16,987 in 1996.

Income Taxes (Continued)

The approximate tax effect of items giving rise to the deferred income tax asset recognized in the Company's balance sheets is as follows:

	1996	1995
Depreciation	$(18,349)	$(14,574)
Landlord contributions	7,367	9,334
Plant and store closing and restructuring	415	7,555
Employee compensation and benefits	9,243	8,797
Tax loss and credit carryforwards	17,231	16,328
Other-net	5,010	4,474
	$ 20,917	$ 31,914

A reconciliation of the statutory Federal income tax to the income tax expense (benefit) is as follows:

	1996	1995	1994
Statutory 35% federal tax	$ 8,601	$ (919)	$12,918
State, foreign and local income taxes, net of Federal income tax benefit	1,463	1,454	1,845
Income of Puerto Rico Subsidiaries(1)	(3,757)	(3,298)	(2,953)
Reversal of estimated tax liabilities(2)			(4,100)
Other-net	(263)	(157)	(816)
Income tax expense (benefit)	$ 6,044	$(2,920)	$ 6,894

(1) Exemption from Puerto Rico income tax expires in 1998.
(2) During 1994, the Company reversed estimated tax liabilities which were no longer deemed necessary.

During 1995 and 1994, the Company recognized tax benefits of $397 and $1,568, respectively, related to the exercise of stock options. These benefits were credited to additional capital.

Inventories

Inventories are summarized as follows:

	1996	1995
Raw materials	$ 16,670	$ 14,194
Work in process	13,208	13,145
Finished goods	207,544	249,434
	$237,422	$276,773

Inventories would have been approximately $13,000 higher than reported at February 2, 1997 and January 28, 1996, if the FIFO method of inventory accounting had been used for the entire apparel business.

Property, Plant and Equipment

Property, plant and equipment, at cost, are summarized as follows:

	1996	1995
Land	$ 1,774	$ 1,789
Buildings and building improvements	37,778	37,661
Machinery and equipment, furniture and fixtures and leasehold improvements	233,884	228,754
	273,436	268,204
Less: Accumulated depreciation and amortization	136,376	124,806
	$137,060	$143,398

Long-Term Debt

Long-term debt, exclusive of current portion, is as follows:

	1996	1995
Revolving Credit Facilities	$ 40,000	$ 70,000
7.75% Debentures	99,442	99,435
7.75% Senior Notes	49,286	59,143
Other debt	670	970
	$189,398	$229,548

The Company issued $100,000 of 7.75% Debentures due 2023 on November 15, 1993 with a yield to maturity of 7.80%. Interest is payable semi-annually. Based on current market conditions, the Company estimates that the fair value of these Debentures on February 2, 1997, using discounted cash flow analyses, was approximately $86,066.

The Company issued a series of Senior Notes due 1996-2002 with an average interest rate of 7.75% to a group of investors on October 29, 1992. The notes are payable in seven equal annual installments which commenced November 1, 1996. Interest is payable semi-annually.

The Company has a credit agreement which includes a revolving credit facility under which the Company may, at its option, borrow and repay amounts within certain limits. The credit agreement also includes a letter of credit facility. The total amount available to the Company under each of the revolving credit and the letter of credit facility is $250,000, provided, however, that the aggregate maximum amount outstanding at any time under both facilities is $400,000. All outstanding borrowings and letters of credit under the credit agreement are due February 13, 1999. Interest on amounts borrowed under the revolving credit facility is payable quarterly at the prime rate or at LIBOR plus .25%. A commitment fee of .25% is payable quarterly on the $250,000 revolving credit facility. The amount outstanding at February 2, 1997 and January 28, 1996 under the letter of credit facility was $99,115 and $115,462, respectively.

Long-Term Debt (Continued)

The Company had a secondary revolving credit agreement in 1995 which has not been renewed.

The weighted average interest rate on outstanding borrowings from the revolving credit facility at February 2, 1997 and January 28, 1996 was 6.2% and 6.0%, respectively.

Interest paid was $24,039 (1996), $22,949 (1995) and $14,131 (1994).

Scheduled maturities of long-term debt, including current portion, for the next five years are as follows: 1997-$10,157, 1998-$10,182, 1999-$10,202, 2000-$9,857 and 2001-$9,857.

Investment in Pyramid Sportswear

During the fourth quarter of 1995, the Company acquired 25% of Pyramid Sportswear ("Pyramid") for $6,950 in cash and $1,800 in the Company's common stock. The Company accounts for its investment in Pyramid under the equity method of accounting. Pyramid, headquarted in Sweden, designs, develops and sources Gant sportswear under a license from the Company and markets such sportswear in 20 countries around the world. In connection with this investment, the Company also acquired an option to purchase the remaining 75% of Pyramid in the year 2000.

Stockholders' Equity

Preferred Stock Rights - On June 10, 1986, the Board of Directors declared a distribution of one Right (the "Rights") to purchase Series A Cumulative Participating Preferred Stock, par value $100 per share, for each outstanding share of common stock. As a result of subsequent stock splits, each outstanding share of common stock now carries with it one-fifth of one Right.

Under certain circumstances, each Right will entitle the registered holder to acquire from the Company one one-hundredth (1/100) of a share of said Series A Preferred Stock at an exercise price of $100. The Rights will be exercisable, except in certain circumstances, commencing ten days following a public announcement that (i) a person or group has acquired or obtained the right to acquire 20% or more of the common stock, in a transaction not approved by the Board of Directors or (ii) a person or group has commenced or intends to commence a tender offer for 30% or more of the common stock (the "Distribution Date").

If the Company is the surviving corporation in a merger or other business combination then, under certain circumstances, each holder of a Right will have the right to receive upon exercise the number of shares of common stock having a market value equal to two times the exercise price of the Right.

Stockholders' Equity - (Continued)

In the event the Company is not the surviving corporation in a merger or other business combination, or more than 50% of the Company's assets or earning power is sold or transferred, each holder of a Right will have the right to receive upon exercise the number of shares of common stock of the acquiring company having a market value equal to two times the exercise price of the Right.

At any time prior to the close of business on the Distribution Date, the Company may redeem the Rights in whole, but not in part, at a price of $.05 per Right. During 1996, the rights were extended for a period of 10 years from the date of initial expiration and will expire on June 16, 2006.

Stock Options - Under the Company's stock option plans, non-qualified and incentive stock options ("ISOs") may be granted. Options are granted at fair market value at the date of grant. ISOs and non-qualified options granted have a ten year duration. Generally, options are cumulatively exercisable in three installments commencing two years after the date of grant for grants issued prior to March 30, 1993, and commencing three years after the date of grant for grants issued after March 30, 1993.

Under APB Opinion No. 25, the Company does not recognize compensation expense because the exercise price of the Company's stock options equals the market price of the underlying stock on the date of grant. Under FASB Statement No. 123, proforma information regarding net income and earnings per share is required as if the Company had accounted for its employee stock options under the fair value method of that Statement.

For purposes of proforma disclosures, the Company estimated the fair value of stock options granted in 1996 and 1995 at the date of grant using the Black-Scholes option pricing model. The estimated fair value of the options is amortized to expense over the options' vesting period.

The following summarizes the assumptions used to estimate the fair value of stock options granted in each year and certain proforma information:

	1996	1995
Risk-free interest rate	6.61%	6.05%
Expected option life	7 Years	7 Years
Expected volatility	30.6%	30.6%
Expected dividends per share	$ 0.15	$ 0.15
Weighted average estimated fair value per share of options granted	$ 5.29	6.11
Proforma net income (loss)	$17,396	$ (127)
Proforma net income (loss) per share	$ 0.65	$(0.00)

As any options granted in the future will also be subject to the fair value proforma calculations, the proforma adjustments for 1996 and 1995 may not be indicative of future years.

Stockholders' Equity - (Continued)

Other data with respect to stock options follows:

	Shares	Option Price Per Share		Weighted Average Price Per Share
Outstanding at January 30, 1994	1,558,460	$ 3.80 -	$36.00	$14.87
Granted	196,907	15.25 -	36.25	27.76
Exercised	148,471	4.75 -	22.38	7.23
Cancelled	52,647	4.75 -	33.25	22.30
Outstanding at January 29, 1995	1,554,249	4.75 -	36.25	16.99
Granted	568,390	10.75 -	17.50	15.02
Exercised	187,908	4.75 -	10.69	7.17
Cancelled	131,383	4.75 -	34.75	20.37
Outstanding at January 28, 1996	1,803,348	4.75 -	36.25	17.14
Granted	948,411	10.75 -	14.38	12.83
Exercised	66,353	4.75 -	8.75	5.81
Cancelled	727,866	6.88 -	36.25	26.07
Outstanding at February 2, 1997	1,957,540	$ 4.75 -	$31.63	$12.12

Of the outstanding options at February 2, 1997, 574,155 shares have an exercise price below $12.25, 1,365,635 shares have an exercise price from $12.25 to $16.50 and 17,750 shares have an exercise price above $16.50. The weighted average remaining contractual life for all options outstanding at February 2, 1997 is 7.4 years.

Of the outstanding options at February 2, 1997 and January 28, 1996, options covering 645,091 and 842,912 shares were exercisable at a weighted average price of $9.35 and $11.07, respectively. Stock options available for grant at February 2, 1997 and January 28, 1996 amounted to 311,496 and 532,041 shares, respectively.

Leases

The Company leases retail stores, manufacturing facilities, office space and equipment. The leases generally are renewable and provide for the payment of real estate taxes and certain other occupancy expenses. Retail store leases generally provide for the payment of percentage rentals based on store sales and other costs associated with the leased property.

At February 2, 1997, minimum annual rental commitments under non-cancellable operating leases, including leases for new retail stores which had not begun operating at February 2, 1997, are as follows:

1997	$ 61,020
1998	51,847
1999	38,577
2000	27,665
2001	21,219
Thereafter	51,665
Total minimum lease payments	$251,993

Leases (Continued)

Rent expense, principally for real estate, is as follows:

	1996	1995	1994
Minimum	$67,914	$69,988	$56,089
Percentage and other	11,166	11,807	10,435
	$79,080	$81,795	$66,524

Retirement and Benefit Plans

Defined Benefit Plans - The Company has noncontributory, defined benefit pension plans covering substantially all U.S. employees meeting certain age and service requirements. For those vested (after five years of service), the plans provide monthly benefits upon retirement based on career compensation and years of credited service. It is the Company's policy to fund pension cost annually in an amount consistent with Federal law and regulations. The assets of the plans are principally invested in a mix of fixed income and equity investments. In addition, the Company also participates in multi-employer plans, which provide defined benefits to their union employees.

A summary of the components of net pension cost for the defined benefit plans and the total contributions charged to pension expense for the multi-employer plans follows:

	1996	1995	1994
Defined Benefit Plans:			
Service cost - benefits earned during the period	$ 2,528	$2,145	$2,294
Interest cost on projected benefit obligation	7,425	7,107	2,922
Actual (gain) loss on plan assets	(13,688)	(19,533)	1,854
Net amortization and deferral of actuarial gains (losses)	5,354	12,028	(3,048)
Net pension cost of defined benefit plans	1,619	1,747	4,022
Multi-employer plans	253	219	214
Total pension expense	$ 1,872	$1,966	$4,236

Significant rate assumptions used in determining pension obligations at the end of each year, as well as pension cost in the following year, were as follows:

	1996	1995	1994
Discount rate used in determining projected benefit obligation	8.00%	7.50%	8.75%
Rate of increase in compensation levels	4.50%	4.00%	5.25%
Long-term rate of return on assets	8.75%	8.75%	8.75%

Retirement and Benefit Plans - (Continued)

The following table sets forth the plans' funded status and amounts recognized for defined benefit plans in the Company's balance sheets:

	1996	1995
Actuarial present value of benefit obligations:		
Vested benefit obligation	$ 91,379	$ 95,815
Accumulated benefit obligation.	$ 93,373	$ 98,087
Plan assets at fair value	$ 110,830	$ 103,797
Less: projected benefit obligation for services rendered to date. . . .	(101,065)	(106,568)
Plan assets in excess of (less than) projected benefit obligation . . .	9,765	(2,771)
Unrecognized prior service cost	3,099	3,302
Unrecognized net actuarial (gain) loss.	(3,665)	7,370
Unrecognized net asset at adoption date of FASB Statement No. 87	(305)	(374)
Net pension asset recognized in the balance sheets.	$ 8,894	$ 7,527

The plan assets in excess of projected benefit obligation at February 2, 1997 includes $13,494 for certain overfunded plans.

The Company has an unfunded supplemental defined benefit plan covering 23 current and retired executives under which the participants will receive a predetermined amount during the 10 years following the attainment of age 65, provided that prior to the termination of employment with the Company, the participant has been in the plan for at least 10 years and has attained age 55. The Company does not intend to admit new participants in the future. At February 2, 1997 and January 28, 1996, $7,450 and $6,696, respectively, are included in other liabilities as the accrued cost of this plan.

Savings and Retirement Plans - The Company has a savings and retirement plan (the "Associates Investment Plan") and a supplemental savings plan for the benefit of its eligible employees who elect to participate. Participants generally may elect to contribute up to 15% of their annual compensation, as defined, to the plans. Company contributions to the plans are equal to 50% of the amounts contributed by participating employees with respect to the first 6% of compensation and were $2,249 (1996), $2,668 (1995) and $2,406 (1994). In accordance with the terms of the Associates Investment Plan, Company matching contributions are invested in the Company's common stock.

Post-Retirement Benefits - The Company and its domestic subsidiaries provide certain health care and life insurance benefits to retired employees. Employees become eligible for these benefits if they reach retirement age while working for the Company. Retirees contribute to the cost of this plan, which is unfunded.

Retirement and Benefit Plans - (Continued)

Net post-retirement benefit cost includes the following components:

	1996	1995	1994
Service cost	$ 687	$ 466	$ 402
Interest cost	2,166	2,128	850
Amortization of net loss	44	37	
Amortization of transition obligation	273	273	273
	$3,170	$2,904	$1,525

The following reconciles the plan's accumulated post-retirement benefit with amounts recognized in the Company's balance sheets:

	1996	1995
Accumulated post-retirement benefit obligation:		
Retirees receiving benefits	$21,505	$22,877
Fully eligible active plan participants	2,132	2,104
Active plan participants not eligible for benefits	5,503	4,980
	29,140	29,961
Unrecognized transition obligation	(4,370)	(4,643)
Unrecognized net loss	(4,729)	(6,432)
Post-retirement liability recognized in the balance sheets	$20,041	$18,886

The weighted average annual assumed rate of increase in the cost of covered benefits (i.e., health care cost trend rate) is 7.0% for 1997 and is assumed to decrease gradually to 5.5% by 2010 and remain at that level thereafter. Increasing the assumed health care cost trend rate by one percentage point would increase the accumulated post-retirement benefit obligation as of February 2, 1997 by $2,747, and the aggregate of the service and interest cost components of net post-retirement benefit cost for 1996 by $283. The discount rate used in determining the accumulated post-retirement benefit obligation at February 2, 1997 and January 28, 1996 was 8.0% and 7.5%, respectively.

Segment Data

The Company operates in two industry segments: (i) apparel - the manufacture, procurement for sale and marketing of a broad range of men's, women's and children's apparel to traditional wholesale accounts as well as through Company-owned retail stores, and (ii) footwear - the manufacture, procurement for sale and marketing of a broad range of men's, women's and children's shoes to traditional wholesale accounts as well as through Company-owned retail stores.

Operating income represents net sales less operating expenses. Excluded from operating results of the segments are interest expense, net, corporate expenses and income taxes.

Segment Data (Continued)

	1996	1995	1994
Net Sales			
Apparel	$1,007,533	$1,100,040	$ 883,949
Footwear	352,060	364,088	371,517
Total Net Sales	$1,359,593	$1,464,128	$1,255,466
Operating Income			
Apparel(1)	$ 33,927	$ 7,948	$ 28,676
Footwear(2)	28,982	25,510	31,525
Total Operating Income	62,909	33,458	60,201
Corporate Expenses	(15,171)	(12,885)	(10,499)
Interest Expense, net	(23,164)	(23,199)	(12,793)
Income (Loss) Before Taxes	$ 24,574	$ (2,626)	$ 36,909
Identifiable Assets			
Apparel	$ 381,274	$ 468,618	$ 307,111
Footwear	143,631	165,390	176,261
Corporate	132,531	115,047	112,912
	$ 657,436	$ 749,055	$ 596,284
Depreciation and Amortization			
Apparel	$ 18,723	$ 25,487	$ 18,433
Footwear	3,162	3,986	4,125
Corporate	7,553	4,267	2,207
	$ 29,438	$ 33,740	$ 24,765
Identifiable Capital Expenditures			
Apparel	$ 6,959	$ 23,627	$ 36,176
Footwear	3,960	4,209	6,152
Corporate	11,659	11,937	10,812
	$ 22,578	$ 39,773	$ 53,140

(1) Operating income of the apparel segment includes charges for plant and store closing and restructuring expenses of $25,000 (1995) and $7,000 (1994).

(2) Operating income of the footwear segment includes charges for store closing and restructuring expenses of $2,000 in 1995.

Apparel inventories as of February 2, 1997 and January 28, 1996 of $137,659 and $166,606, respectively, were determined principally using the LIFO method.

Plant and Store Closing and Restructuring Expenses

During 1995, the Company adopted and began to implement a plan designed to reduce costs and realign the product distribution mix primarily within the Company's apparel business. Significant components of the plan included the closing of three domestic shirt manufacturing facilities, closing approximately 300 unprofitable retail outlet stores and reorganizing the Company's management structure which combines the Company's wholesale and retail businesses into eight discrete operating units, each with total marketing and profit responsibility for its brand. As a result, the Company recorded a pre-tax charge during 1995 of $27,000 (approximately $26,000 has been utilized as of February 2, 1997). Approximately $13,000 of this charge related to the write-off of fixed assets located in such factories and retail outlet stores. The remaining $14,000 related to termination benefits, including pension settlements and curtailments of $1,200, for approximately 1,250 employees impacted by this restructuring.

During 1994, the Company implemented a plan to restructure and consolidate certain functions associated with its retail operations, and adopted a plan to realign its wholesale apparel business into a dress shirt division and a sportswear division. Also, in connection with the acquisition of the Izod and Gant businesses, the Company adopted a plan to convert its private label retail stores to stores which market branded apparel under the Izod and Gant labels. As a result, the Company recorded a pre-tax charge of $7,000, of which $3,300 was for the elimination of approximately 85 positions. As of January 28, 1996, all of the 1994 reserve had been utilized in completing this restructuring plan.

As part of its ongoing strategic and expense reduction initiatives, the Company continues to evaluate its operations.

Other Comments

One of the Company's directors, Mr. Harry N.S. Lee, is a director of TAL Apparel Limited, an apparel manufacturer and exporter based in Hong Kong. During 1996 and 1995, the Company purchased approximately $35,000 and $45,000, respectively, of products from TAL Apparel Limited and certain related companies.

The Company is a party to certain litigation which, in management's judgment based in part on the opinion of legal counsel, will not have a material adverse effect on the Company's financial position.

During 1996, 1995 and 1994, the Company paid a $0.0375 per share cash dividend each quarter on its common stock.

Certain items in 1995 and 1994 have been reclassified to present these items on a basis consistent with 1996.

PHILLIPS-VAN HEUSEN CORPORATION

SELECTED QUARTERLY FINANCIAL DATA - UNAUDITED
(In thousands, except per share data)

	1st Quarter		2nd Quarter		3rd Quarter		4th Quarter	
	1996	1995	1996	1995	1996	1995(1)	1996(2)	1995(3)
Net sales.	$273,660	$282,987	$313,807	$349,493	$391,245	$448,007	$380,881	$383,641
Gross profit	93,097	97,404	105,325	119,597	129,709	139,055	120,945	120,151
Net income (loss).	(6,554)	(3,360)	2,126	3,894	15,035	(4,374)	7,923	4,134
Net income (loss) per share (4).	(0.24)	(0.13)	0.08	0.15	0.56	(0.16)	0.29	0.15
Price range of common stock per share								
High	13 3/8	18	14 1/2	17	11 3/4	15 7/8	15 1/8	11 3/4
Low.	9 5/8	15	11	14	10 3/8	9 1/8	10 3/4	9 1/4

(1) Net loss for the third quarter of 1995 includes a pre-tax charge of $25,000 for plant and store closing and restructuring expenses.

(2) The fourth quarter of 1996 includes 14 weeks of operations.

(3) Net income for the fourth quarter of 1995 includes a pre-tax charge of $2,000 for plant and store closing and restructuring expenses.

(4) Fully diluted net income per share has not been presented since the results are not materially different from primary net income per share.

MANAGEMENT'S REPORT ON RESPONSIBILITY FOR FINANCIAL REPORTING

Management of the Company has the responsibility for preparing the accompanying financial statements and for their integrity and objectivity. The statements have been prepared by management in conformity with generally accepted accounting principles. The financial statements include some amounts that are based on management's best estimates and judgements. Management also prepared the other information in the annual report and is responsible for its accuracy and consistency with the financial statements.

The Company maintains a system of internal accounting controls designed to provide management with reasonable assurance that transactions are executed in accordance with management's authorization and recorded properly. The concept of reasonable assurance is based on the recognition that the cost of a system of internal accounting control should not exceed the benefits derived and that the evaluation of those factors requires estimates and judgements by management. Further, because of inherent limitations in any system of internal accounting control, errors or irregularities may occur and not be detected. Nevertheless, management believes that a high level of internal accounting control is maintained by the Company through the selection and training of qualified personnel, the establishment and communication of accounting and business policies, and its internal audit program.

The Audit Committee of the Board of Directors, composed solely of outside directors, meets periodically with management and the Company's internal auditors and independent auditors to review matters relating to the quality of financial reporting and internal accounting control and the nature, extent and results of their audits. The Company's internal auditors and independent auditors have complete access to the Audit Committee.

SIGNATURE STAMP	SIGNATURE STAMP
BRUCE J. KLATSKY Chairman, President and Chief Executive Officer	IRWIN W. WINTER Executive Vice President and Chief Financial Officer

REPORT OF ERNST & YOUNG LLP, INDEPENDENT AUDITORS

To the Stockholders and the Board of Directors
Phillips-Van Heusen Corporation

We have audited the accompanying consolidated balance sheets of Phillips-Van Heusen Corporation and subsidiaries as of February 2, 1997 and January 28, 1996, and the related consolidated statements of operations, changes in stockholders' equity, and cash flows for each of the three years in the period ended February 2, 1997. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Phillips-Van Heusen Corporation and subsidiaries at February 2, 1997 and January 28, 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended February 2, 1997 in conformity with generally accepted accounting principles.

As discussed in the notes to the consolidated financial statements, in 1996 the Company adopted Financial Accounting Standards Board Statement No. 123 "Accounting for Stock-Based Compensation."

E&Y SIGNATURE STAMP

New York, New York
March 11, 1997

PHILLIPS-VAN HEUSEN CORPORATION
TEN-YEAR FINANCIAL SUMMARY
(In thousands, except per share data, percents and ratios)

	1996(1)	1995(2)	1994	1993	1992
Summary of Operations					
Net sales					
Apparel.	$1,007,533	$1,100,040	$ 883,949	$ 800,454	$ 709,361
Footwear	352,060	364,088	371,517	351,940	333,204
	1,359,593	1,464,128	1,255,466	1,152,394	1,042,565
Cost of goods sold and expenses.	1,311,855	1,443,555	1,205,764	1,072,083	972,357
Interest expense, net.	23,164	23,199	12,793	16,679	15,727
Income (loss) before taxes	24,574	(2,626)	36,909	63,632	54,481
Income tax expense (benefit)	6,044	(2,920)	6,894	20,380	16,600
Income from continuing operations.	18,530	294	30,015	43,252	37,881
Income (loss) from discontinued operations					
Extraordinary loss, net of tax				(11,394)	
Net income.	$ 18,530	$ 294	$ 30,015	$ 31,858	$ 37,881
Per Share Statistics(4)					
Income from continuing operations.	$ 0.69	$ 0.01	$ 1.11	$ 1.60	$ 1.42
Discontinued operations.					
Extraordinary loss				(0.42)	-
Net income.	$ 0.69	$ 0.01	$ 1.11	$ 1.18	$ 1.42
Dividends paid per share	$ 0.15	$ 0.15	$ 0.15	$ 0.15	$ 0.15
Stockholders' equity per share..	10.73	10.20	10.35	9.33	8.14
Financial Position					
Invested cash.	$ 1,861	$ 8,474	$ 68,586	$ 66,064	$ 75,862
Current assets	362,958	444,664	429,670	418,702	410,522
Current liabilities.	122,266	183,126	114,033	109,156	115,208
Working capital.	240,692	261,538	315,637	309,546	295,314
Total assets	657,436	749,055	596,284	554,771	517,362
Long-term debt	189,398	229,548	169,679	169,934	170,235
Convertible redeemable preferred stock					
Stockholders' equity	290,158	275,292	275,460	246,799	211,413
Other Statistics					
Total debt to total capital (5).	43.1%	52.3%	38.2%	40.8%	46.8%
Net debt to net capital (6).	42.9%	51.5%	26.9%	29.7%	34.3%
Market value of stockholders' equity	$ 365,000	$ 270,000	$ 426,000	$ 949,000	$ 753,000
Current ratio.	3.0	2.4	3.8	3.8	3.6
Average shares and equivalents outstanding	27,004	26,726	27,154	27,106	25,253

(1) 1996 and 1990 include 53 weeks of operations.

(2) 1995 includes the operations of Izod and Gant from date of acquisition, February 17, 1995, and includes a $27,000 pre-tax restructuring charge.

(3) 1987 includes the operations of G.H. Bass & Co. from date of acquisition, August 21, 1987.

(4) Fully diluted net income per share has not been presented since the results are either not materially different from primary net income per share or are anti-dilutive.

(5) Total capital equals interest-bearing debt, preferred stock and stockholders' equity.

(6) Net debt and net capital are total debt and total capital reduced by invested cash.

PHILLIPS-VAN HEUSEN CORPORATION
TEN-YEAR FINANCIAL SUMMARY (CONTINUED)

	1991	1990(1)	1989	1988	1987(3)
Summary of Operations					
Net sales					
Apparel.	$596,383	$536,352	$493,395	$460,342	$416,407
Footwear	307,717	269,963	239,541	180,696	83,618
	904,100	806,315	732,936	641,038	500,025
Cost of goods sold and expenses.	843,367	752,252	682,687	597,543	457,842
Interest expense, net.	16,686	18,884	17,555	16,109	6,210
Income before taxes.	44,047	35,179	32,694	27,386	35,973
Income tax expense (benefit)	12,910	8,795	8,502	6,565	14,655
Income from continuing operations.	31,137	26,384	24,192	20,821	21,318
Income (loss) from discontinued operations				(152)	8,691
Extraordinary loss, net of tax					
Net income.	$ 31,137	$ 26,384	$ 24,192	$ 20,669	$ 30,009
Per Share Statistics(4)					
Income from continuing operations.	$ 1.15	$ 0.95	$ 0.84	$ 0.68	$ 0.66
Discontinued operations.				(0.01)	0.33
Extraordinary loss					
Net income	$ 1.15	$ 0.95	$ 0.84	$ 0.67	$ 0.99
Dividends paid per share	$ 0.1425	$ 0.14	$ 0.14	$ 0.14	$ 0.125
Stockholders' equity per share..	4.52	3.38	2.53	1.79	1.24
Financial Position					
Invested cash.	$ 5,326	$ 5,796	$ 3,551	$ 7,191	$ 8,979
Current assets	303,143	285,315	266,867	265,039	258,135
Current liabilities.	102,976	90,748	84,190	88,191	86,741
Working capital.	200,167	194,567	182,677	176,848	171,394
Total assets	398,969	376,790	333,108	323,133	317,773
Long-term debt	121,455	140,259	118,776	116,400	120,848
Convertible redeemable preferred stock	72,800	72,800	72,800	72,800	72,800
Stockholders' equity	84,903	62,324	46,085	32,476	22,456
Other Statistics					
Total debt to total capital (5).	46.0%	53.2%	52.6%	55.1%	56.9%
Net debt to net capital (6).	45.0%	52.2%	51.9%	53.7%	55.1%
Market value of stockholders' equity	$392,000	$173,000	$132,000	$127,000	$ 86,000
Current ratio.	2.9	3.1	3.2	3.0	3.0
Average shares and equivalents outstanding	19,897	19,094	19,140	18,572	26,258

(1) 1996 and 1990 include 53 weeks of operations.

(2) 1995 includes the operations of Izod and Gant from date of acquisition, February 17, 1995, and includes a $27,000 pre-tax restructuring charge.

(3) 1987 includes the operations of G.H. Bass & Co. from date of acquisition, August 21, 1987.

(4) Fully diluted net income per share has not been presented since the results are either not materially different from primary net income per share or are anti-dilutive.

(5) Total capital equals interest-bearing debt, preferred stock and stockholders' equity.

(6) Net debt and net capital are total debt and total capital reduced by invested cash.

FINANCIAL REVIEW

The Company's primary strategy lies in continuing to build the value of its brands. We believe this is key to the long-term building of shareholder value.

In the decade prior to 1995 our growth was driven by committing the majority of our resources to a single channel of distribution - factory outlet retailing. That tactic proved to be highly successful in growing the Company and strengthening its balance sheet. It led, however, to a significant over-expansion in that area of our business. And that, coupled with a weakening in outlet retail sales, led to a major downturn in operating results beginning in 1994.

The year 1995 marked the beginning of a major change in the execution of our business strategy, as the Company responded to that difficult situation with three very significant initiatives:

1) Acquiring Izod and Gant in early 1995.

- The acquisition has provided a major broadening of our sportswear mix and added two extremely important men's sportswear brands. It has been the key component in bringing casualwear up to 85% of total Company sales.

2) Reorganizing our operating structure from a wholesale/retail configuration to one of brand marketing business units.

   o This change, beginning in February 1996, has been remarkably successful in placing a dedicated focus on the enhancement and placement of our brands.

3) Developing a plan to close some 300 of our retail outlet stores (almost one-third of the total).

   o In 1996, these closings began to eliminate our weakest and worst-trending stores, accelerated the realignment of our wholesale/retail sales mix and became an important source of cash flow.

While bottom line results do not begin to reflect the accomplishments of 1996, we believe the progress made in positioning our business for a major turnaround is very real.

A consistent theme throughout this report is the strong emphasis on brand and product development during 1996. The resulting upgraded product assortments will find their way to department store shelves throughout 1997. It is our intention to leverage these upgraded product assortments with a strong media marketing program. We believe the combination of upgraded product, good shelf space and much intensified consumer marketing will have a significant positive impact on each of our brands beginning in 1997 and accelerating thereafter.

APPAREL

Net sales of the Company's apparel segment were $1.0 billion in 1996, $1.1 billion in 1995 and $883.9 million in 1994. The sales reduction in 1996 was expected and resulted from the absence of clearance sales associated with the acquisition of the Izod and Gant brands as well as from strategic initiatives to contract several areas of the Company's business - the elimination of the Company's private label retail formats, the reduction of low margin private label sales at the wholesale level and the previously discussed retail store closings. The effect of these changes more than offset sales gains made this year in the Company's branded product lines at wholesale. The 24.4% sales growth in 1995 was attributable, principally, to the acquisition of Izod and Gant.

Gross margin in apparel increased to 31.3% in 1996 compared with 30.9% in 1995 and 30.8% in 1994. There was a very distinct change in gross margin comparisons between the first and second half of 1996:

	1996	1995	Increase (Decrease)
First Half	32.4%	32.7%	(0.3)%
Second Half	30.6%	29.7%	0.9%
Year	31.3%	30.9%	0.4%

Improvement in the second half of 1996 compared with the comparable period in 1995 came, in large part, from the elimination/reduction of certain of the less profitable businesses described above.

Two business units which performed poorly throughout the year were Somerset Knitting Mills and Geoffrey Beene retail.

Somerset, which manufactures and markets sweaters, had made progress in 1995 by increasing its branded product mix and maximizing the use of its sweater facilities in Puerto Rico. In 1996, the retail environment for sweaters improved, and the Company's branded products moved further upscale with a much greater emphasis on natural fiber, better goods. These changes, however, hurt Somerset since its core acrylic product proved to be far less in demand and margins weakened. As a result, all of the momentum which had been gained in 1995 was lost.

The weakness in Geoffrey Beene retail was reflected in significant markdowns caused by an overassorted and poorly focused product mix. This was exacerbated by too much poor real estate. While improvement in the coming year will be challenging, we believe we've paved the way for improvement by narrowing our product lines considerably, enhancing our designer focus and closing our least productive stores.

Offsetting the poor performance in Somerset and Geoffrey Beene retail were margin improvements throughout the Company's branded businesses - especially Bass Apparel, where very significant progress was made in the further advancement of the Bass lifestyle store. We anticipate that overall improvement will continue as we focus increasing attention on upgrading our product mix and adding a very considerable marketing thrust.

Selling, general and administrative expenses were 28.0% of sales in 1996 compared with 27.9% and 26.7%, respectively, in 1995 and 1994. Expense levels increased in 1995 with the inclusion of the Izod and Gant businesses which, while providing a higher level of gross margin, also have higher selling and marketing expenses. Looking ahead, these expense levels will likely increase as a percentage of sales, in the short-term, as the Company embarks on a program of major investment in a wide variety of marketing activities.

As our brands grow in size and profitability we anticipate that operating margins should begin to expand as the improvement in gross margin continues and expense levels flatten out.

FOOTWEAR

Net sales of the Company's footwear segment were $352.1 million in 1996, $364.1 million in 1995 and $371.5 million in 1994, reflecting sales decreases of 3.3% in 1996 and 2.0% in 1995. A major factor in the 1996 sales reduction was the closing of underproductive outlet stores.

Gross margin in footwear was 37.7% in 1996 compared with 37.4% in 1995 and 37.1% in 1994. As in apparel, the gross margin comparison with the prior year was very different in the second half of the year compared with the first half:

	1996	1995	Increase (Decrease)
First Half	37.3%	38.7%	(1.4)%
Second Half	38.1%	36.2%	1.9%
Year	37.7%	37.4%	0.3%

During the first half of the year, Bass experienced difficulties in the restructuring of its Puerto Rico manufacturing operations. This was resolved by mid-year with increasingly positive results as the year progressed. In addition, a less promotional retail business in the second half of the year contributed to the margin improvement.

Selling, general and administrative expenses were 29.5% of sales in 1996 compared with 29.8% in 1995 and 28.6% in 1994. A key feature of the 1995 expense level was a slowdown in retail sales per square foot with a corresponding increase in in-store expense levels. This reversed itself in 1996 as retail sales improved.

Looking ahead, we anticipate that, as in apparel, gross margin improvement should come from a combination of strong product development and much intensified consumer marketing, which will cause an increase in expense levels. Also, as in apparel, as Bass grows in size and profitability, operating margins should improve as gross margin continues to improve and expense levels flatten out.

RESTRUCTURING CHARGES

The Company recorded a $27 million pre-tax restructuring charge in 1995 to provide for the closing of some 300 outlet stores, the closing of three domestic shirt manufacturing facilities and the reorganization of PVH's management structure. Approximately one-half of the charge related to non-cash items.

In 1994, the Company recorded a $7 million pre-tax restructuring charge to realign its wholesale apparel business from four operating units into a dress shirt division and a sportswear division. The 1995 reorganization referred to above provided for the split-up of the sportswear division into separate brand marketing units.

CORPORATE EXPENSES

Corporate expenses were $15.2 million in 1996 compared with $12.9 million in 1995 and $10.5 million in 1994. The increase in 1996 is attributable to an increase in spending relating to information technology. The 1994 expense level was unusually low, principally because of a reduction in the Company's liability for its supplemental savings plan which is linked to the market value of PVH common stock.

INTEREST EXPENSE

Interest expense was $23.2 in both 1996 and 1995. The Company's total debt level at the beginning of 1995 was a relatively low $169.9 million and then rose significantly with the acquisition of the Izod and Gant businesses early in 1995. Total debt at year end 1995 was $301.3 million. The positive cash flow in 1996 reduced that total debt to $219.6 million. As a result, average debt in both years remained much the same - but with a very different composition. Starting 1997 with $81.7 million less debt will have a very positive impact on 1997 interest expense levels.

INCOME TAXES

The income tax expense rate for 1996 is 24.6% and reflects the relationship of U.S. income taxed at normal rates to tax exempt income from operations in Puerto Rico. In 1995, the Company's pre-tax loss of $2.6 million represented a combination of pre-tax income earned in Puerto Rico and a U.S. tax loss. Since the U.S. tax loss was available for carryback without limitation and the Puerto Rico income was tax exempt, the net result was a tax benefit which eliminated the full amount of the pre-tax loss.

SEASONALITY

The Company's business is seasonal, with higher sales and income during its third and fourth quarters, which coincide with the Company's two peak retail selling seasons: the first running from the start of the back to school and fall selling seasons beginning in August and continuing through September, and the second being the Christmas selling season beginning with the weekend following Thanksgiving and continuing through the week after Christmas.

Also contributing to the strength of the third quarter is the high volume of fall shipments to wholesale customers which are generally more profitable than spring shipments. The slower spring selling season at wholesale combines with retail seasonality to make the first quarter particularly weak.

LIQUIDITY AND CAPITAL RESOURCES

The following table shows key cash flow elements over the last three years:

(In Thousands)	1996	1995	1994
Operating Activities			
Income from operations adjusted for non-cash items	$ 48,761	$ 42,728	$42,773
Change in working capital	53,875	(84,692)(1)	6,621
	102,636	(41,964)	49,394
Investment Activities			
Acquisition of Izod and Gant		(114,503)	
Investment in Pyramid Sportswear		(6,950)	
Capital spending, net	(19,893)	(31,973)	(37,830)
Other, net	(3,302)	3,376	2,438
	(23,195)	(150,050)	(35,392)
Financing Activities			
Cash dividends	(4,050)	(4,007)	(3,984)
Exercise of stock options	386	1,745	2,630
	(3,664)	(2,262)	(1,354)
Increase (decrease) in cash before net change in debt	$ 75,777	($194,276)	$12,648

(1) Includes ($56,282) related to the acquisition of the Izod and Gant businesses.

While the year 1995 was characterized as a year of major investment, 1996 marked the start of what we believe will be a period of positive free cash flow. A major factor in 1996 was a reduction in working capital which, in large part, resulted from the planned contraction of certain parts of our business (discussed above). In addition, most of our ongoing businesses improved their turn of working capital.

With the completion of several large capital spending projects in 1995, including the new Jonesville Distribution Center, total capital spending in 1996 was reduced to $19.9 million from $32.0 million a year ago. Looking ahead to 1997, we anticipate a modest increase over 1996 in overall capital spending levels.

Total debt as a percentage of total capital was 43.1% at year end 1996 compared with 52.3% at year end 1995 and 38.2% at year end 1994. The higher percentage of debt at year end 1995 came principally from the acquisition of the Izod and Gant businesses, and was a temporary interruption of the prior seven years of improving financial position.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Forward-looking statements in this Annual Report to Stockholders, including without limitation, statements relating to the Company's plan, strategies, objectives, expectations and intentions, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including without limitation the following: (i) the Company's plans, strategies, objectives, expectations and intentions are subject to change at any time at the discretion of the Company; (ii) the levels of sales of the Company's apparel and footwear products, both to its wholesale customers and in its retail stores, and the extent of discounts and promotional pricing in which the Company is required to engage; (iii) the Company's plans and results of operations will be affected by the Company's ability to manage its growth and inventory; and (iv) other risks and uncertainties indicated from time to time in the Company's filings with the Securities and Exchange Commission.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE PHILLIPS-VAN HEUSEN CORPORATION FINANCIAL STATEMENTS INCLUDED IN ITS 10-K REPORT FOR THE YEAR ENDED FEBRUARY 2, 1997 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

(In thousands, except per share)

YEAR
FEB-02-1997
FEB-02-1997
11,590
0
95,207
3,401
237,422
362,958
137,060
0
657,436
122,266
189,398
0
0
27,046
263,112
657,436
1,359,593
1,359,593
910,517
1,311,855
0
0
23,164
24,574
6,044
18,530
0
0
0
18,530
0.69
0.69

Property, plant and equipment is presented net of accumulated depreciation.
Provision for doubtful accounts is included in other costs and expenses.